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The latest on California politics and government

October 4, 2011

Study finds sharp cost-of-living increases in California

California's economy remains locked in recession and wages have been stagnant, but nevertheless living costs - especially taxes - have risen. That's putting a squeeze on many families, according to a new county-by-county compilation of the "true cost of living."

The report from the Oakland-based Insight Center for Community Economic Development provides statistical ammunition not only for advocates of raising minimum wages and other steps to aid the poor, but for conservative anti-tax groups since the center found that taxes are the largest single element in living cost increases.

The study was designed as an alternative to the commonly used federal poverty standard, which critics say does not take into account the real costs of living. It updates a report previously issued in 2008, and found that double-digit increases in living costs are common throughout the state.

"The Self-Sufficiency Standard...provides us with a true picture of the needs within the communities we serve, informs how we tailor our approaches to increasing financial stability and helps us measure progress toward our collective goals," Peter Manzo, president of United Ways of California, said in a statement accompanying release of the report. "We believe that to build financial stability, you have to see and address all the issues including health, education, and income."

The Self-Sufficiency Standard is used by United Way and other charitable and social service groups, but also by labor unions. The American Federation of State, County and Municipal Employees (AFSCME) used it to win a higher wage floor for University of California workers, pointing out that 93 of UC's service workers did not earn enough to meet the standard.

The standard embraces housing, food, child care, health care, transportation and other basic costs and is calculated for 156 different family compositions. For a family of two adults, one pre-schooler and one school-age child, for instance, the income needed to meet those basic costs rose from \$58,251 in 2008 to \$69,529 in 2011.

In Fresno County, the respective numbers were \$47,706 and \$59,967, in Los Angeles County \$58,659 and \$72,833, in Sacramento County \$54,189 and \$62,692, in San Diego County \$59,450 and \$70,671 and in Santa Clara County \$68,430 and \$83,640.

Taxes were the cost item that increased the most over the three-year period, the study found, rising an average of 29 percent, followed by health care at 27 percent and child care at 22 percent.

Categories: California by the NumbersPosted by **Dan Walters**12:01 AM | 15 Comments | [Share](#)[Recommend](#)44 recommendations. [Sign Up](#) to see what your friends recommend.

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Showing 1-10 of 15 comments[Sort by newest first](#)**JerryBrownblows**

Welfare rolls are exempt from cost of living concerns, Jerry Brown makes sure of it, this includes also IHSS and Calworks heroes. If you work, Jerry Brown wants to make sure your cost of living goes up even more by taxing you and businesses more. This way, working people can bring less money home and buy less after retailers raise their prices. Thanks Jerry for your effort-blowing.

Yesterday 05:37 PM 4 Likes [Report Abuse](#)[Like](#) [Reply](#)**Mic01**

The Federal Inflation Rate is bantered about as ".2% not including the cost of Gas and Food"

Last time I checked nearly everyone had to buy gas in the last year and Everyone had to buy food.

With those items added to that .2% we have just over 25% inflation rate nationally. But they could drive that rate to .1 % if they announce they are excluding the cost of renting or owning a place to live?

Yesterday 04:02 PM 1 Like [Report Abuse](#)[Like](#) [Reply](#)**perspective2**

I love the University of California (UC) having been a student and lecturer. But today I am concerned that at times I do not recognize the UC I love. Like so many I am deeply disappointed by the pervasive failures of Regent Chairwoman Lansing, President

Yudof and the ten campus Chancellors from holding the line on rising costs.

Californians are

reeling from 19% unemployment (includes those forced to work part time, and those no longer searching), mortgage defaults, loss of unemployment benefits.

And those who still have jobs are working longer for less. Faculty wages must reflect California's ability to pay, not what others are paid.

Pay increases for

generously paid Faculty is arrogance.

UC Berkeley (ranked #

70 Forbes) tuition increases exceed the national average rate of increases. Chancellor

Birgeneau has molded Cal.

into the most expensive American public university.

President Yudof and Chancellor

Birgeneau have dismissed many much needed cost-cutting options. They did not

consider freezing vacant faculty positions, increasing class size, requiring

faculty to teach more classes, doubling the time between sabbaticals, cutting

and freezing pay and benefits for all chancellors and reforming the pension

system.

They said faculty such

reforms "would not be healthy for University

of California".

We agree it is far

from the ideal situation, but it is in the best interests of the university

system and the state to hold the line on cost increases. UC cannot expect to do

business as usual: raising tuition; granting pay raises and huge bonuses during

a weak economy that has sapped state revenues and individual Californians'

income.

There is no

question the necessary realignments with economic reality are painful. Regent Chairwoman Lansing can bridge the public trust

gap with reassurances that salaries and costs reflect California's economic reality. The sky above UC will not fall

Opinions? Email the UC Board

of Regents marsha.kelman@ucop.edu

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kornfarmer

They intentionally start this "study" when the economy is at it's lowest and then say "woah...costs have increased so much"...let's give away more money to the poor (who only have 2.5 pc's, one smart phone, 1.7 cars, A/C, cable tv, health care etc, etc.

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sandersen

Time to double check the data. Health care and child care costs have increased substantially. Taxes have decreased considerably, with the only exception being property taxes on homes that have a Prop. 13 assessed value that is lower than the market value.

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j2hess

You don't have to be a conservative to believe that there is flawed methodology behind this "study". The numbers are implausible - they have no "face validity". I write as someone who does numbers daily.

I think someone decided that raising a red flag was more important than being able to hold it up. Walters should have given this a closer look before publicizing it. (It used to be that reporting was regarded as something different than rewording a press release.)

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Michael O'Faolain, Bio on blog

I have to admit I am fascinated by a combination of assertions in this article.

First we have: "Taxes were the cost item that increased the most over the three-year period, the study found, rising an average of 29 percent...." No explanation of how or why.

Then we have the assertion regarding families making less than \$60,000 a year: "taxes are the largest single element in living cost increases."

Hmmm. How do I reconcile this with facts we all know:

1. Compared to two years ago, the state sales tax rate is 17% lower.
2. Compared to two years ago, the California income tax surcharge rate of 0.25% has gone away.
3. Compared to two years ago, many are paying less property tax particularly if the property went on the tax roles any time after 2006.

4. Compared to two years ago, the Social Security tax rate is 33% lower, down from 6.2% to 4.2% on all the wages for people in this income group.

I think, but I'm not sure, that the Insight Center for Community Economic Development tends to support liberal policies. If so, they are the poster child for how the liberal community regularly shoots itself in the foot.

It would be good though unlikely if someone in the press would do some fact checking on these numbers just to verify the methodology. I've briefly tried, but I can't find any detail that makes sense.

EDIT: OK I found an explanation of sorts from the source:

"Mejia said the increase in taxes resulted because, even though tax rates have not been increased, the higher incomes needed to maintain a self-sufficient standard of living moved many such families into higher income-tax brackets." See <http://www.vcstar.com/news/201...>

I still find that hard to believe given the Social Security tax rate reduction in 2011 over 2008 since "income-tax brackets" only affect the increased amount of income.

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edisciple

One word, "INFLATION!"

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j2hess

Yet national accounting finds minimal inflation.

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davereddin

I find this hard to believe. Exactly what taxes are the authors referring to? It seems a bit questionable. Can someone provide anything to back this up? I'm doubtful.

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